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Beaver Dam Water Company  
P.O. Box 550  
Beaver Dam, Arizona 86432

2006 NOV 30 P 2:10

AZ CORP COMMISSION  
DOCUMENT CONTROL

Arizona Corporation Commission  
**DOCKETED**

November 13, 2006

NOV 30 2006

Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, Arizona 85007

DOCKETED BY	NR
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03067A-06-0117

RE: DOCKET NO-W-~~0367A-06-0117~~ / Wind River Application to Divert Water to  
Nevada ADWR 33-096790

Dear Commissioners,

Beaver Dam Water Company recently became aware of an application filed by Wind River Resources LLC, to transport 14,000 acre feet of ground water from our area to Mesquite Nevada. We feel that this pending application will have a detrimental effect to our customers that we serve. We also feel that the Arizona State Law governing the transfer of water across the state lines do not properly protect the citizens and the customers being served in Arizona. As stated by our attorney Maureen George (enclosed) we do not feel that the Arizona Department of water resources is allowing Beaver Dam Water Company and the citizens of this area enough time to prepare for this upcoming hearing. Enclosed is a copy of a letter from our attorney received November 7, 2006 from Janet L. Ronald Deputy Counsel with the Arizona Department of Water Resources stating that a hearing will be held in late February. Ms. Ronald also states in her letter that extending the hearing approximately one month until February "will allow the applicant time to review any studies prepared by other participants in the administrative hearing". We believe this statement to be absurd that ADWR is willing to give the applicant our studies prior to the hearing. We hereby request that the Commission intervene with this application in any way that can help protect the customers of Beaver Dam Water Company and to extend the time frame to at least sometime in April before a hearing will be held.

Arizona Department of Water Resources/Virgin River Basin recently posted their finding that an estimated 1.7 million acre foot of ground water is available. Utah, Nevada and Arizona all share this basin and that there is no need for Nevada to come inside Arizona to withdraw water. Virgin Valley Water District of Mesquite, Nevada has stated in the application that they have 22,000 acre feet of water adjudicated by the Nevada State Engineers and that their current use is 5,000 acre feet. This application can only be considered to be a grab for Arizona's water most

likely because ADWR has determined this to be an unregulated area where well drilling is not regulated above 1200 feet from the surface. Therefore this application can do no more than turn this portion of Arizona into a water Farm for Nevada's growth with no consideration for our potential growth.

Beaver Dam Water Company would also like to make a formal complaint regarding Wind River Resources. Find enclosed Will Serve letter dated September 13, 2006 to Great American Realty of Las Vegas, Nevada whereby they agree to provide 10,000 acre feet of water. Great American Realty's property that they are agreeing to provide water is within our current Certificate of Convenience and Necessity. They also imply that they are willing to provide financial services to Beaver Dam Water Company for the capital improvements. It should be stated that I have never had any conversations with Wind River Resources LLC at any time.

Your consideration in these matters would be greatly appreciated.

Sincerely,



Bob Frisby, Manager  
Beaver Dam Water Company

C: Maureen George, Attorney

Phone: (928) 505-7785

*Law Offices*  
*of*  
*Maureen Rose George, P.C.*  
2000 McCulloch Boulevard N., Suite D  
Lake Havasu City, AZ 86403  
E-mail: mrglaw@npgcable.com

Fax: (928) 505-7786

November 6, 2006

*Certified Mail, Return Receipt*

Ms. Kathleen Donoghue  
Docket Supervisor  
Arizona Department of Water Resources  
Legal Division  
3550 North Central Avenue  
Phoenix, AZ 85012

Re: Wind River Resources, LLC Application for Permit to Transport  
Water Out of State, Application No. 33-96790, Filed March 15, 2005

Dear Ms. Donoghue:

We represent Beaver Dam Water Company, Inc. which is a private utility regulated by the Arizona Corporation Commission. It has been serving the Beaver Dam, Littlefield communities and surrounding areas since 1988. It has in the ground wells and distribution systems comprising three interconnected systems to serve the area with approvals from ADEQ and the ACC to serve additional areas. It also has an application pending to become the area's wastewater provider. It is a regional provider committed to the good water management practices set forth in The Virgin River Communities Area Plan adopted by Mohave County and in which process Bob Frisby, the owner of Beaver Dam Water Company, actively participated.

Beaver Dam Water Company recently became aware of the pendency of an application, filed by Wind River Resources, LLC, to transport water extracted from the Virgin River groundwater basin in Arizona across state lines for use in the State of Nevada. Although this application has been pending for some time (it was filed on March 15, 2005), it has not been widely noticed in the local area. Rather, it appears the Arizona Department of Water Resources (ADWR) has yet to issue any type of official notice of the pendency of this application, and has not conducted any type of informal informational hearing in the local area to describe the application or solicit input on the potential local effects of granting the permit.

*"As you drink the water, remember the spring."*

- Chinese proverb -

We share Great American LLC's concern that the Virgin River groundwater basin is in a remote portion of the state, where little hydrologic analysis has occurred. Yet the effect of this application may control the lives and livelihood of the local community forever. In these circumstances, it is unthinkable that ADWR would not allow time for additional hydrologic study and analysis of the facts underlying this application. Accordingly, we join with Great American LLC in requesting that ADWR do three things : first, postpone the request for administrative hearing so that the hearing will not occur until April, 2007; second, conduct an informal, informational hearing in the Beaver Dam area sometime in January, 2007, so that the local residents can hear first hand what this application means; and third, share with us and all interested parties ADWR's view of the specific hydrologic consequences of this proposed action, so that we may better evaluate the need for expert testimony on particular subjects.

Thank you for your immediate attention to this matter. Do not hesitate to contact me should you need additional information from Beaver Dam Water Company before responding to this request.

Sincerely,  
Law Offices of Maureen R. George, P.C.



Maureen R. George

MRG:bam

C: Mr. W. Patrick Schiffer, ADWR Chief Counsel  
Ms. Jan Ronald, ADWR Legal Division  
Ms. Karen Smith, ADWR Deputy Director  
Hon. Kristen Mayes, Arizona Corporation Commission  
Mr. Bill Ekstrom, Mohave County Attorney's Office  
Mr. Bob Frisby, Beaver Dam Water Company, Inc.  
Mr. Michael Pearce, Attorney for Great American Land, LLC  
Ms. Lee Storey, Attorney for Biasi Water Company, Inc.  
Ms. Maxine Becker, Attorney for Wind River Resources, LLC

When Beaver Dam Water Company first heard of the application, it was difficult to obtain a copy. It was supposed to be posted on the ADWR website in the Imaged Records, but the large file size and frequent interruptions in this service made it extremely difficult to view or download the documents. At the repeated request of Great American Land, LLC, the file was eventually posted on the ADWR main page. All of this occurred within the last two months. Even now, the file is not well organized, and it is difficult enough just to put it in chronological order so that it may be logically reviewed.

The application itself, with supplements added after ADWR's notices of deficiency, is approximately 1800 pages. It contains numerous hydrologic studies that are highly technical in nature, but which purport, according to the applicant, to demonstrate that the extraction and transport of this water will have no discernable impact on Arizona residents. The local community feels quite differently, however, and many residents believe that the impacts will be extremely detrimental to health and welfare of the local citizens.

Beaver Dam Water Company, a regulated ARIZONA regional water provider, is very concerned that this application will impair its ability to serve existing, as well as future, customers within its certificated (CC&N) area. The Wind River application is an attempt to establish a Nevada entity as the regional water provider with a promise that somehow Nevada will look out for the interests of Arizona resident. Virgin Valley Water District, the Nevada entity, has no accountability to Arizona citizens, no authority to serve in Arizona, and no infrastructure in Arizona.

These are among the factors resulting in Beaver Dam Water Company joining those who believe that there will be significant negative impacts to Arizona and is prepared to object to this application when and if a hearing is set and notice is given of that hearing.

Unfortunately, it has come to our attention that ADWR is contemplating requesting that formal, evidentiary administrative hearing occur before the Arizona Office of Administrative hearings sometime in January, 2007. This causes great concern to Beaver Dam Water Company and others similarly situated, who have only had a matter of a few weeks to understand this application and begin to organize an objection. For example, Beaver Dam Water Company has met with a hydrologist for the purpose of retaining him to assist in preparing an objection to the pending application but he has not had yet an opportunity to review this large file, a necessity before any independent analysis can even begin.

The Arizona statutes that address out of state transportation require that an administrative hearing shall be held on the application and that such hearing shall be conducted in the area from which the water is proposed to be transported. Any interested person may appear and give testimony on all issues involved. A.R.S. § 45-292(E). But this procedure is only meaningful if those who are interested are given enough notice, and enough time to prepare, to make their testimony accurate and thorough. If the administrative hearing is held in such a short time from that the objectors are unable to prepare, while the applicant has had nearly two years to prepare, ADWR's proposed procedure will work a real disservice to the local community.

**ARIZONA DEPARTMENT OF WATER RESOURCES****Legal Division**

3550 North Central Avenue, Phoenix, Arizona 85012

Telephone 602 771-8472

Fax 602 771-8683

**Janet Napolitano**  
Governor**Herbert R. Guenther**  
Director

November 7, 2006

**[VIA FACSIMILE (602) 801-9070 AND U.S. MAIL]**

Maxine Becker, Esq.  
Salmon, Lewis & Weldon, P.L.C.  
2850 E. Camelback Road, Suite 200  
Phoenix, AZ 85016

**RE: Wind River Resources, LLC Application for Permit to Transport Water Out  
of State, No. 33-96790**

Dear Ms. Becker:

By letter dated October 20, 2006, Great American Land, LLC (Great American) through its legal counsel Michael Pearce, requested that the Arizona Department of Resources (Department) postpone the public information meeting concerning the above-referenced application until January 2007, and the administrative hearing until April 2007. By letter dated November 2, 2006, Biasi Water Company (Biasi), through its legal counsel Lee Storey, requested that the Department postpone the administrative hearing until May 2007. You were copied on each of these letters. The Department has decided to postpone the administrative hearing by approximately one month until February 2007, but will go forward with the public information meeting this month as originally planned.

Pursuant to A.R.S. § 45-292, a hearing must be conducted on the above-referenced application in the area from which the water is proposed to be transported, and any interested person may present oral or written testimony. According to both the October 20, 2006 and November 2, 2006 letters, additional time is required in order for Great American and Biasi to review the voluminous materials that have been submitted by Wind River Resources, LLC (Wind River) and conduct their own impact studies. In addition, we understand from numerous phone calls, emails and letters sent to the Department by Arizona citizens in the Beaver Dam Wash and Littlefield area and elsewhere that there is a great deal of public interest in the Wind River application. The Department has also been contacted by legal counsel for other interested persons who may later decide to take an active role in the administrative hearing.

As you know, the Department anticipated that a public information meeting on the Wind River application would occur in November 2006, and that the statutorily mandated administrative hearing would occur in January 2007. Today the Department confirmed arrangements and is scheduling the public information meeting for 6:00 p.m. on November 28, 2006 at the Beaver Dam Elementary School.

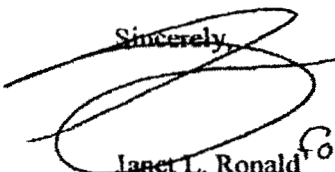
Maxine Becker, Esq.  
November 7, 2006  
Page 2

However, a specific date has not yet been set for the administrative hearing. The formal administrative process will not begin until the Department requests that an administrative law judge (ALJ) be assigned to conduct the administrative hearing. As we previously discussed, the administrative hearing must be scheduled within 60 days of the date of the Department's request. After an ALJ is assigned, the Department will issue a notice of hearing as required by A.R.S. § 41-1092.03 and there will be opportunity for a pre-hearing conference as provided by A.R.S. § 41-1092.05.

In light of the letters received from Great American and Biasi, and the extensive interest in the Wind River application, the Department has decided to postpone the administrative hearing by approximately one month until some time in February 2007. This will also allow the applicant time to review any studies prepared by other participants in the administrative hearing.

The Department would like to coordinate the hearing date with legal counsel who intend to participate in the administrative hearing. When the Department submits its request to the Office of Administrative Hearings for the appointment of an ALJ, the Department must include three dates. Taking into consideration travel time to the hearing location, the Department suggests the following dates: February 21, 27 or 28, 2007. Please let me know at your earliest convenience whether these dates are available.

Thank you.

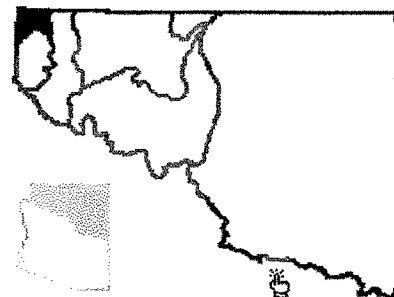
Sincerely,  
  
Janet L. Ronald for  
Deputy Counsel

JLR/gsw

c: Michael Pearce, Attorney for Great American  
Lee Storey, Attorney for Biasi  
Maureen George, Attorney for Beaver Dam Water Company  
Michael Curtis, Attorney for Mohave County Colorado River water users  
Bill Ekstrom, Mohave County Attorney's Office

## VIRGIN RIVER BASIN

The Virgin River basin is located in the extreme northwestern corner of Arizona and contains 433 square miles (Figure 10). The Virgin River basin is bounded on the north and the west by the Arizona-Utah state line and the Arizona-Nevada state line, respectively. The northeast-southwest trending Virgin and Beaver Dam Mountains form the basin's eastern and southern boundary. Elevations above mean sea level range from 8,000 feet in the Virgin Mountains to 1,550 feet along the Virgin River.



The Virgin River flows through the basin from the northeast to the southwest. About five miles upstream from Littlefield, Arizona, the Virgin River cuts through the Beaver Dam Mountains at a place called "the Narrows". South of "the Narrows", the Virgin River flows through a broad alluvial valley that is bordered on the northwest by an uplands area composed of sands and gravels, and to the southeast by the Virgin Mountains. Numerous washes drain the upland and mountain areas; springs provide small perennial reaches in some of the washes (Glancy and Van Denburg, 1969). Beaver Dam Wash is the largest tributary and has about a one mile perennial stretch above its confluence with the Virgin River. Numerous springs, primarily located upstream of Littlefield, Arizona, maintain the Virgin River's baseflow.

The Virgin River Valley and Beaver Dam Wash to the northwest are filled with basin-fill sediments composed of silt, sand, and gravel. Glancy and Van Denburg (1969) divided the basin-fill sand and gravel deposits into two units; a younger floodplain unit of silt, sand, and gravel that the Virgin River flows through, and an older underlying basin-fill unit of semi-consolidated silts, sands, gravels, and boulders. In the Beaver Dam Mountains, basaltic lava covers the sedimentary rocks. The Virgin Mountains are composed of igneous and metamorphic rocks.

Groundwater development in the basin is mostly in the alluvial basin-fill deposits that occupy the Virgin River Valley and Beaver Dam Wash. In the valley, the younger and older basin-fill units act as one aquifer. The alluvium in Beaver Dam Wash is largely isolated from other water-bearing units, although groundwater from the wash discharges into the alluvial aquifer of the Virgin River Valley (Black and Rascona, 1991). Most of the wells in the alluvium are 200 feet deep or less, and water levels range from 10 to 300 feet below land surface (Black and Rascona, 1991). Well yields vary from 5 gallons per minute in small domestic and stock wells, to 2,000 gallons per minute in larger irrigation wells (Levings and Farrar, 1979).

Groundwater also occurs in two other aquifers in the basin: the alluvial fan deposits that occur southeast of the Virgin River between Littlefield, Arizona, and the Virgin Mountains; and the Muddy Creek Formation. The alluvial fan deposits overlie a limestone, which is the top of a unit known locally as the "Littlefield Formation", and form a shallow water-table aquifer (Black and Rascona, 1991). Although few wells are completed in this shallow aquifer, many springs originate from it where groundwater flows over the limestone. Discharges from springs range from 10 to 50 gallons per minute and reported well discharges range from 30 to 1,500 gallons per minute (Black and Rascona, 1991). Depth to water in wells completed in the aquifer is 15 to 52 feet below land surface (Black and Rascona, 1991).

The Muddy Creek Formation, a series of siltstones, sandstones, and conglomerates, is known to yield water north of the City of Mesquite, Nevada which is adjacent to the Virgin River basin. A City of Mesquite well located in Section 3, Township 13 South, Range 17 East, is completed in the Muddy Creek Formation and yields 350 gallons per minute (Black and Rascona, 1991). The altitude of the water level and water chemistry in the well suggest that the Muddy Creek Formation is a separate aquifer from the alluvium in this area (Black and Rascona, 1991).

Only two known wells in the northeastern part of the basin tap the sedimentary rock units. Measured water levels in these wells were 262 and 838 feet below land surface (Black and Rascona, 1991). Many of the springs that support the



flow of the Virgin River and other washes probably originate from the sedimentary rock units (Glancy and Van Denburg, 1969).

An estimated 6,000 acre-feet of water were pumped from the Arizona portion of the basin in 1990 (Black and Rascona, 1991). Most of the water is used for irrigating crops grown in the Virgin River floodplain. The groundwater is used to supplement surface water diverted from the Virgin River. There are an estimated 1.7 million acre-feet of groundwater in storage above a depth of 1,200 feet below land surface (Arizona Department of Water Resources, 1988). Direct recharge from precipitation is small. Glancy and Van Denburg (1969) estimated that recharge to the Arizona portion of the lower Virgin River basin is not more than 5,900 acre-feet per year. Most recharge probably comes from infiltration of water from the Virgin River (Glancy and Van Denburg, 1969).

Historic data indicate that water levels in the Virgin River basin generally are not declining, however, long-term water-level information for the area is inadequate. Increasing groundwater withdrawals may adversely impact the riparian habitat of the Beaver Dam Wash. Increasing water demands in Nevada and Utah may warrant an interstate compact regarding the management of groundwater resources of the Virgin River basin.

Water quality generally is suitable for most uses, but wells near the Virgin River tested high in total dissolved solids and high in sulfate, sodium, and calcium ion concentrations (Glancy and Van Denburg, 1969). Wells in the alluvium of Beaver Dam Wash generally had better quality water.

**Wind River Resources, LLC**  
350 N Sand Hill  
Mesquite, NV 89024

September 13, 2006

Great American Realty  
2375 E. Tropicana  
Las Vegas, NV 89119

RE: WILL SERVE LETTER

Dear Mr. Riley:

Wind River Resources received your request of a "will serve" letter for your property located in Beaver Dam, Arizona. You believe at this time you may be in need of up to 10,000 acre feet of water to meet the demand of said development. Wind River Resources will require two sets of Approved Construction Plans.

Wind River Resources, LLC is agreed to make available your planned developments water demand up to 10,000 acre feet.

This commitment to serve may not be transferred or assigned without the prior written consent of Wind River Resources, LLC.

As Wind River Resources, LLC is not a water company or a district we are providing the services of our financial partner Steve MacIntyre to assist you, Mr. Bob Frisby of the Beaver Dam Water Company, or Virgin Valley Water District in acquiring the necessary capital for the perfection of an infrastructure and delivery system for your area.

Please sign and return copy.

---

Jack Riley

Sincerely,



Erika VanAlstine